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The Department of Social and Health Services paid providers with Medicaid funds through the Social Services Payment System for services performed after the date of death.

Background

While most payments to providers from Medicaid funds are processed by the Medical Assistance Administration through the Medicaid Management Information System, some are made by other divisions or administrations of the Department of Social and Health Services through the Social Service Payment System (SSPS). Medicaid programs in these other sections of the Department include the Community Options Program Entry System, Supported Living Services, and Medicaid Personal Care.

During our 2003 audit, we reviewed Medicaid funds paid through SSPS and selected 29 individuals who appeared to have been provided services after their dates of death. We found that providers for eight of these clients received payments for services they reported to have provided after the individual's date of death.

Description of Condition

This year we again reviewed Medicaid amounts paid through SSPS for services provided after a client's death. As a result of our review of records for the period July 1, 2003 through December 31, 2003, we found 79 clients for whom these types of payments appeared to have been made. Of these, the Social Security Death Index indicated 71 were deceased; however, providers had received payment for services they reported they provided after their clients' dates of death. We analyzed these transactions further to determine which payments had been made with Medicaid funds. The table below summarizes the apparent inappropriate Medicaid payments made by the Department on behalf of services for deceased clients.

| Administration/Division | Total Dollars | Total Medicaid Dollars |
|---|-----------------|------------------------|
| | | |
| Division of Developmental Disabilities | \$21,299 | \$15,534 |
| | | |
| Aging and Adult Services Administration | \$58,812 | \$58,120 |
| | | |
| TOTAL | \$80,111 | \$73,654 |
| | | |

We shared our detailed results with the Department and requested any evidence it had that the payments to these providers were allowable. Two months later, the Department

provided the name of one individual it agreed was deceased; however, it provided no additional evidence regarding the allowability of this payment or any of the other payments we had identified as being made on behalf of deceased clients.

Cause of Condition

The Department is largely dependent on the provider or family members to voluntarily report a client's death. Lack of timely notification or failure to notify leads to cases in which claims are paid after the recipient has died.

Effect of Condition

The Medicaid program is unnecessarily susceptible to loss or misappropriation because of the Department's inability to identify deceased clients in a timely manner. Providers can continue without detection to receive payment on behalf of deceased persons. The Medicaid amount of \$73,654 apparently paid to providers inappropriately is included in the disclaimed amount in the first finding.

Recommendations

We recommend the Department:

- Establish procedures with the Department of Health and with providers that will provide notification of clients' deaths in a timely manner.
- Forward the instances of suspected provider fraud to its own Post-Payment Review Office or to the appropriate legal authorities.

Department's Response

The Department partially concurs with this finding and believes procedures have been implemented that target these concerns.

- **Establish procedures with the Department of Health and with providers that will provide notification of clients' deaths in a timely manner.** Aging and Disability Services Administration (ADSA) has access to Department of Health on-line information on certificates of death. In addition, the Automated Client Eligibility System (ACES) nightly batch processes with the State Data Exchange, and the Beneficiary Data Exchange System returns Social Security Administration (SSA) notifications of death. The alert generated for field staff is described in the ACES User Manual at http://www1.dshs.wa.gov/esa/acesman/Sections/alerts/alert_253.htm.

ADSA's field staff currently seeks reimbursement when it is clear that providers have been paid erroneously for services. Because there is no reconciliation process with Social Services Payment System (SSPS) payment files, it is not possible to determine whether a payment made in error has been recouped based on SSPS payment data. This is an area that needs further review.

ADSA's current contracts with providers require that the provider notify the department of a client death within 24 hours by phone, or seven days in writing.

- **Forward the instances of suspected provider fraud to its own Post-Payment Review Office or the appropriate legal authorities.** ADSA funds and actively participates in the Department's Payment Review Program (PRP) process and the development and implementation of algorithms designed to capture payments made for services after death. This algorithm is re-run quarterly and findings are referred to the Office of Financial Recovery or the Medicaid Fraud Control Unit for recovery.

Auditor's Concluding Remarks

Applicable Laws and Regulations

The Office of Financial Management's *State Accounting and Administrative Manual*, states in Section 85.32.10:

...Agencies are responsible for processing payments to authorized vendors, contractors, and others providing goods and services to the agency. Agencies are to establish and implement procedures following generally accepted accounting principles. At a minimum, agencies are also to establish and implement the following:

1. Controls to ensure that all expenditure/expenses and disbursements are for lawful and proper purposes....